

**NEW ORLEANS MULTICULTURAL
TOURISM NETWORK, INC.**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/18/10

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Aicida J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
**New Orleans Multicultural
Tourism Network, Inc.**

We have audited the accompanying statement of financial position of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **NOMTN's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **New Orleans Multicultural Tourism Network, Inc.** as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
New Orleans Multicultural
Tourism Network, Inc.
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated August 4, 2010, on our consideration of NOMTN's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of NOMTN taken as a whole. The accompanying Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements of New Orleans Multicultural Tourism Network, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 4, 2010

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$ 94,205
Due from New Orleans Tourism Marketing Corporation (NOTMC)	121,827
Office furniture and equipment, net of accumulated depreciation of \$27,768 (NOTE 4)	6,373
Other assets	<u>575</u>
Total assets	<u>\$222,980</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 51,680
Deferred revenue	<u>16,000</u>
Total liabilities	<u>67,680</u>
Unrestricted net assets	<u>155,300</u>
Total liabilities and net assets	<u>\$222,980</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Support and Revenue:	
Grant - NOTMC (NOTE 5)	\$ 358,755
Other	<u>4,641</u>
Total support and revenue	<u>363,396</u>
Expenses:	
Administrative	128,055
Convention sales and marketing expenses	<u>365,355</u>
Total expenses	<u>493,410</u>
Changes in net assets	(130,014)
Net assets, beginning of year	<u>285,314</u>
Net assets, end of year	<u>\$ 155,300</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:	
Changes in net assets	\$(130,014)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	1,799
Increase in accounts payable and accrued expenses	46,418
Increase in due from New Orleans Tourism Marketing Corporation	<u>(45,457)</u>
Net cash used in operating activities	<u>(127,254)</u>
Net decrease in cash and cash equivalents	(127,254)
Cash and cash equivalents - beginning of year	<u>221,459</u>
Cash and cash equivalents - end of year	<u>\$ 94,205</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

(A) Organization

New Orleans Multicultural Tourism Network, Inc. (NOMTN) is a Louisiana nonprofit corporation chartered on March 5, 1990. Its purpose is to attract tourist and convention business from domestic and foreign markets, inclusive of developing minority markets, affected by the tourist industry, to the greater New Orleans metropolitan area.

NOMTN is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

(B) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NOMTN and changes therein are classified as unrestricted net assets that are not subject to donor-imposed stipulations.

(C) Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Grants are recorded on the basis of performance under the grant contract.

Unconditional promises to give due in the next year are recorded at their net realizable value. At December 31, 2009, there were no unconditional promises to give.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued;

(D) Office Furniture and Equipment

Office furniture and equipment is recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful life of five (5) years.

(E) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, **NOMTN** considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

(F) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(G) Advertising

NOMTN uses advertising to promote its mission to attract tourism and convention business to the greater New Orleans area. The costs of advertising are expensed as incurred. For the year ended December 31, 2009, advertising expense was \$54,094.

NOTE 2 - Functional Allocation of Expenses:

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Donated Services:

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a number of volunteers have donated significant amounts of their time in activities and events sponsored by NOMTN.

NOTE 4 - Office Furniture and Equipment:

Office furniture and equipment, at cost, and accumulated depreciation as of December 31, 2009 are summarized as follows:

Office furniture and equipment	\$ 34,141
Less: accumulated depreciation	<u>(27,768)</u>
	<u>\$ 6,373</u>

Depreciation expense for the year ended December 31, 2009 was \$1,799.

NOTE 5 - Economic Dependency:

Under present funding arrangements with New Orleans Tourism Marketing Corporation (NOTMC), a significant part of NOMTN's support is currently derived from that one contributor. By ordinance, NOTMC is required to fund NOMTN annually.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Fair Values of Financial Instruments:

The estimated fair value of financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. NOMTN considers the carrying amounts of cash and cash equivalents to approximate fair value.

NOTE 7 - Operating Lease:

NOMTN leased office space under an operating lease agreement. Lease expense for the year ended December 31, 2009 was \$18,511. At December 31, 2009, NOMTN was a party to a lease only for office space. Future minimum lease payments for this lease are as follows:

Year Ending December 31,

2010	\$18,511
2011	18,511
2012	18,511
2013	<u>9,255</u>
Total future minimum lease payments	<u>\$64,788</u>

SUPPLEMENTARY INFORMATION

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Convention Sales And Marketing</u>	<u>Administrative</u>	<u>Total</u>
Salaries and wages	\$ 63,608	\$ 63,609	\$127,217
Payroll taxes	6,122	6,121	12,243
Fringe benefits	<u>5,050</u>	<u>5,050</u>	<u>10,100</u>
Total salaries and related expenses	<u>74,780</u>	<u>74,780</u>	<u>149,560</u>
Advertising	54,094	-0-	54,094
Professional fees	91,220	-0-	91,220
Dues/memberships/registration	1,292	1,500	2,792
Miscellaneous	-0-	1,108	1,108
Collateral materials	-0-	7,841	7,841
Convention support	5,664	-0-	5,664
Postage and courier	-0-	581	581
Equipment expense	1,124	2,251	3,375
Essence Music Festival	10,658	-0-	10,658
Insurance	-0-	1,235	1,235
Meeting expense	6,719	-0-	6,719
Media events/FAM tours	63,592	-0-	63,592
Office supplies	5,922	2,134	8,056
Printing	1,589	3,177	4,766
Rent	6,170	12,341	18,511
Special events	12,430	-0-	12,430
Travel	15,296	7,500	22,796
Telephone	3,701	7,404	11,105
Website/equipment maintenance	<u>9,305</u>	<u>6,203</u>	<u>15,508</u>
Total expenses before depreciation	288,776	53,275	342,051
Depreciation	<u>1,799</u>	<u>-0-</u>	<u>1,799</u>
Total expenses	<u>\$365,355</u>	<u>\$128,055</u>	<u>\$493,410</u>

See Accompanying Independent Auditors' Report.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
New Orleans Multicultural Tourism Network, Inc.
New Orleans, Louisiana

We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** as of and for the year ended December 31, 2009, and have issued our report thereon dated August 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **NOMTN's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **NOMTN's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **NOMTN's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of NOMTN's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 09-01 through 09-04 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOMTN's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings as item 09-03.

NOMTN's response to the findings identified in our audit is described in a separate document.

This report is intended solely for the use of the Board of Directors, its management, grantor agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 4, 2010

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc.** as of and for the year ended December 31, 2009, and have issued our report thereon dated August 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

SECTION I - Summary of Auditors' Results

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported**; material weaknesses: **Yes**.
- B. Noncompliance which is material to the financial statements: **Yes**.
- C. Significant deficiencies in internal control over major programs: **N/A** Material weaknesses: **N/A**.
- D. The type of report issued on compliance for major programs: **N/A**.
- E. Any audit findings which are required to be reported under section 510 (a) of OMB Circular A-133: **N/A**.
- F. Major programs: **N/A**.
- G. Dollar threshold used to distinguish between Type A and Type B programs: **N/A**.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **N/A**.
- I. A management letter was issued: **No**.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2009

**SECTION II - Findings Related to the Financial Statements Required
In Accordance with Government Auditing Standards**

09-01 - Segregation of Duties

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

As in the prior year, accounting duties are being handled by one (1) individual with the exception of compiling the financial statements and reconciling bank accounts, which are being performed by an external accountant.

Effect

Internal controls are weakened by the lack of segregation of duties, thus, the risk of fraudulent activities are increased.

Cause

NOMTN lacks personnel to adequately segregate accounting duties.

Recommendation

We recommend that the new board review NOMTN's current assigned accounting duties and implement control procedures to ensure that accounting duties are adequately segregated with available accounting personnel. For activities that are incompatible, additional procedures should be established for the Board of Directors to review and oversee such activities for the purpose of compensating for the lack of adequate segregation of duties.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2009

**SECTION II - Findings Related to the Financial Statements Required
In Accordance with Government Auditing Standards
Continued**

09-02 - Financial Reporting

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

We noted during our audit that accurate interim financial statements were not presented to the Board of Directors. The year-end financial statements were not completed until several months after year-end. Material audit adjustments were made to accounts payable and expenses at December 31, 2009.

Effect

The interim and unadjusted year-end financial statements were misstated, not timely prepared and not reliable for management's and the Board of Directors' review and analysis.

Cause

Financial reporting controls were not established to ensure that financial statements are prepared timely and accurately.

Recommendation

We recommend that management of NOMTN immediately establish controls to ensure that financial statements are prepared timely (within 30 days of month end) and accurately.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2009

**SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards,
Continued**

09-03 - Submission of Audit Report

Criteria

LSA-RS 24:513 (A)(5)(I) requires audit reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end, unless the Louisiana Legislative Auditor Audit Advisory Council approves an extension request, based only on a natural disaster, to file the audit report with the Louisiana Legislative Auditor by a specific date.

Condition

The December 31, 2009 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of June 30, 2010. The Legislative Auditor had approved an extension of time for NOMTN to file its annual December 31, 2009 financial report by no later July 31, 2010. NOMTN was granted this extension for circumstances other than a natural disaster.

Effect

An audit report filed with an approved extension from the Legislative Auditor after the six (6) months time frame for any reason other than for a natural disaster is a violation of the State audit completion and submission law.

Cause

NOMTN's financial statements were not timely completed.

Recommendation

We recommend that NOMTN review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required time frame.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards,
Continued

09-04 - Deficit in Operations

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

For the year ended December 31, 2009, NOMTN had an excess of expenses over revenues or deficit spending of \$130,014. NOMTN's 2009 operating budget reflected an excess of revenues over expenses or surplus of \$130,070. In our review of the minutes of the Board of Directors, we noted no evidence of discussions of the status of operations relative to an identification of any operational deficits that had occurred during the 2009 fiscal year. In addition, we noted no indication of the budget being amended to reflect the 2009 projected deficit spending.

Effect

Unbudgeted spending by NOMTN occurred from not timely monitoring the financial activity of NOMTN. Also, sound management actions were not being done due to the lack of financial information.

Cause

NOMTN has not monitored the actual results of its financial operations on a monthly basis and compared to budget. Proper monitoring should have warranted a modification in its spending.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2009

**SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards,
Continued**

09-04 - Deficit in Operations, Continued

Recommendation

The Board of Directors should always require management to prepare financial statements that are timely and accurately prepared in order to effectively monitor operations and the minutes of board meetings should reflect such. Therefore, we recommend that in the future, minutes of the meetings of the Finance Committee reflect evidence of the Committee and Board awareness of any deficit or excess in financial operations. We also recommend that at the point in the fiscal year a deficit is anticipated the original budget be amended accordingly and presented to the Finance Committee.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION III - Federal Award Findings and Questioned Cost

Not applicable.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section I - Internal Control and Compliance Material to the Financial Statements

08-01 - Segregation of Duties

We recommended that the new board review NOMTN's current assigned accounting duties and implement control procedures to ensure that accounting duties are adequately segregated with available accounting personnel. For activities that are incompatible, additional procedures should be established for the Board of Directors to review and oversee such activities for the purpose of compensating for the lack of adequate segregation of duties.

Current Status

Unresolved. See Finding 09-01.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No matters were reported.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK

August 12, 2010

Mr. Waldo J. Moret, Jr.
Bruno & Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Avenue
New Orleans, Louisiana 70122

Dear Mr. Moret:

In conjunction with the Findings related to Section II of the Schedule of Findings in financial and compliance of the New Orleans Multicultural Tourism Network, Inc. (NOMTN), for the year ended December 31, 2009, the management of NOMTN appreciates the opportunity to respond to findings.

Section II – Financial Statement Findings

09-01 Segregation of Duties

NOMTN funding has continued to decrease post Katrina, therefore limiting the number of people on staff. Currently NOMTN has one full time administrative assistant, and the president of the organization. NOMTN no longer has a membership base, so we do not received checks and credit card payments. NOMTN receives approximately one check every other month. NOMTN Board of Directors recommended that all incoming receipts are handled and logged by the administrative assistant. Receivables will then be deposited by President. The treasurer and/or president shall review incoming and outgoing transactions monthly to ensure accuracy of deposits.

09-02 Financial Reporting

Financial reports were not compiled in a timely manner, thereby causing a delay in getting the required materials to the auditor. As a result, an extension was requested and granted by the Legislative Auditor. NOMTN is working with board treasurer to ensure that all financial transaction are reviewed and recorded on a monthly basis. Currently NOMTN does not have money budgeted to hire and accounting to perform accounting duties on a monthly basis. An outside accountant will be used to prepare financials on a quarterly basis which will then be presented at NOMTN board meeting.

09-03 Submission of Audit Report

As answered in findings 09-02, controls have been put in place to ensure that all financial materials and compiled by an external accountant and reviewed in a timely. Detailed financial reports will be presented to the board quarterly at a regularly scheduled meeting. This process will ensure that NOMTN completes the required audit prior to the audit due date.

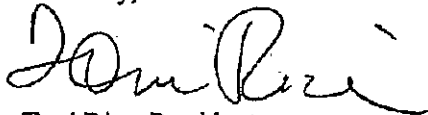


Mr. Waldo J. Moret, Jr.
NOMTN Audit Response

09-04 Deficit in Operations

NOMTN accumulated surplus funds during 2006 and 2007 when operations were minimal due to Hurricane Katrina. NOMTN participated in several marketing and tourism campaigns in 2009 using these funds. The 2009 budget was based on funding projections and did not include use of surplus funds. The budget was not amended to include these funds once a decision was made to participate in one-time marketing events. In addition, the NOMTN board was aware that we participated in these events and in several instances, participated in said events. In the future, NOMTN management will ensure that any budget over-runs will be approved by the NOMTN board and the necessary budget amendments will be made to reflect additional spending with board approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Toni Rice". The signature is fluid and cursive, with the first name "Toni" and last name "Rice" clearly distinguishable.

Toni Rice, President
New Orleans Multicultural Tourism Network